

Message Text

UNCLASSIFIED

PAGE 01 LIMA 04738 140140Z

67

ACTION COME-00

INFO OCT-01 ARA-10 ISO-00 EB-05 RSC-01 DRC-01 /018 W

----- 018961

R 132245Z JUN 74

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 523

UNCLAS LIMA 4738

EO 11652 N/A

TAGS: ETRD, BEXP, PE

SUBJ: NEW IMPORT REGULATIONS

REF: LIMA 4093; STATE 119639

1. INFORMATION OBTAINED FROM LOCAL BRANCHES OF U.S. COMMERCIAL BANKS INDICATES THAT THE GOP PERMITS INTEREST TO BE CHARGED BY SUPPLIERS TO IMPORTERS UNDER LETTER OF CREDIT REQUIREMENT. CENTRAL BANK NORMALLY DOES NOT ALLOW INTEREST RATES TO EXCEED THE PREVAILING RATE IN EACH COUNTRY, CURRENT ABOUT 14PERCENT FOR U.S., AND IN PRACTICE INTEREST RATES REFLECTING THE NORMAL MARGIN ABOVE THE U.S. PRIME RATE HAVE BEEN PERMITTED. WE HAVE NO REASON TO BELIEVE THIS PRACTICE WILL CHANGE.

2. LETTERS OF CREDIT CANNOT BE CANCELLED PRIOR TO EXPIRATION DATE UNLESS MUTUALLY AGREED BETWEEN SUPPLIERS AND IMPORTERS. THIS CONFORMS TO NORMAL COMMERCIAL PRACTICE, AND AS WE UNDERSTAND IT, THE NEW IMPORT REGULATIONS CONTEMPLATE NO CHANGE.

3. THE NEW IMPORT REGULATIONS IMPOSE NO RESTRICTIONS AGAINST LETTERS OF CREDIT BEING ISSUED THROUGH U.S. COMMERCIAL BANKS. IN KEEPING WITH NORMAL MONETARY POLICY PRACTICES, HOWEVER, COMMERCIAL BANKS ARE REQUIRED TO OBSERVE ESTABLISHED CREDIT/DEPOSIT RATIOS. THESE LIMITATIONS ARE APPLICABLE TO ALL BANKS, BUT SINCE THE TWO LOCAL BRANCHES OF U.S. COMMERCIAL BANKS (FNCB AND BANK OF AMERICA) ARE RELATIVELY SMALL, THEIR POTENTIAL GLOBAL LINE OF CREDIT EXTENDED LOCALLY IS SMALLER THAN THAT OF THE LARGER PERUVIAN BANKS (E.G., BANCO DE CREDITO, BANCO CON-TENENTAL). LETTERS OF GUARANTEE ARE ISSUED BY LOCAL COMMERCIAL

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BANKS AND STATE DEVELOPMENT BANKS ONLY AND ARE APPLIED EXCLUSIVELY

TO MERCHANIDIZE SHIPPED ON A CONSIGNEMENT BASIS.

4. ABOVE INFORMATION IS NOT REPAT NOT FROM OFFICIAL SOURCES
WHO WERE UNAVAILABLE FOR COMMENT. GOP STILL MULLING OVER
DETAILED IMPLEMENTATION OF CHANGES RECENTLY ANNOUNCED IN VERY
HASTY MANNER. DETAILS MAY CHANGE AS GOP FEELS ITS WAY IN
ISSUING IMPLEMENTING REGULATIONS. ABOVE IS BEST INFORMATION
AVAILABLE. WE CANNOT GUARANTEE IT WILL NOT CHANGE.
DEAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUPPLIES, POLICIES, IMPORT CONTROLS, COMMERCIAL BANKS, BANK DATA, LETTERS OF CREDIT, IMPORTERS
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Copy: SINGLE
Draft Date: 13 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740154-0182
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740649/aaaabpqm.tel
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Original Classification: UNCLASSIFIED
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